



Basel 3 Pillar 3

Disclosure as at 30 September 2021

This is an English translation of the original Italian document "Terzo Pilastro di Basilea 3 Informativa al pubblico al 30 settembre 2021". In cases of conflict between the English language document and the Italian document, the interpretation of the Italian language document prevails. The Italian original is available on group.intesasanpaolo.com.

This document contains certain forward-looking statements, projections, objectives, estimates and forecasts reflecting the Intesa Sanpaolo management's current views with respect to certain future events. Forward-looking statements, projections, objectives, estimates and forecasts are generally identifiable by the use of the words "may," "will," "should," "plan," "expect," "anticipate," "estimate," "believe," "intend," "project," "goal" or "target" or the negative of these words or other variations on these words or comparable terminology. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts, including, without limitation, those regarding Intesa Sanpaolo's future financial position and results of operations, strategy, plans, objectives, goals and targets and future developments in the markets where Intesa Sanpaolo participates or is seeking to participate.

Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements as a prediction of actual results. The Intesa Sanpaolo Group's ability to achieve its projected objectives or results is dependent on many factors which are outside management's control. Actual results may differ materially from (and be more negative than) those projected or implied in the forward-looking statements. Such forward-looking information involves risks and uncertainties that could significantly affect expected results and is based on certain key assumptions.

All forward-looking statements included herein are based on information available to Intesa Sanpaolo as of the date hereof. Intesa Sanpaolo undertakes no obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as may be required by applicable law. All subsequent written and oral forward-looking statements attributable to Intesa Sanpaolo or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements.

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Introduction

Notes to the Basel 3 Pillar 3 disclosure

The consolidation of the Basel Committee accords within the Basel 3 framework was aimed at improving the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, improving risk management and governance, and increasing banks' transparency and disclosures. Within this process, the Committee maintained the approach founded on three Pillars, already underlying the previous capital accord, known as "Basel 2", supplementing and strengthening it to increase the quantity and quality of intermediaries' available capital as well as introducing counter-cyclical regulatory instruments, provisions on liquidity risk management and financial leverage containment.

In particular, with the aim of better regulating the market, Pillar 3 identifies a set of public disclosure obligations on capital adequacy, the composition of regulatory capital, the methods used by banks to calculate their capital ratios, and on risk exposure and the general characteristics of related management and control systems.

That said, the content of "Basel 3" was incorporated into two EU legislative acts:

- Regulation (EU) 575/2013 of 26 June 2013 (Capital Requirements Regulation - CRR), as amended, applicable from 1 January 2014, which governs the prudential supervision requirements of Pillar 1 and public disclosure requirements (Pillar 3);
- Directive 2013/36/EU of 26 June 2013 (CRD IV, Capital Requirement Directive) as amended, which, among other things, deals with the access to the activity of credit institutions, freedom of establishment, freedom to provide services, supervisory review process, and additional equity reserves.

On 7 June 2019, following the publication in the Official Journal of the European Union of Regulation (EU) 2019/876 (CRR II), which was part of the broader package of regulatory reforms, also referred to as the Risk Reduction Measures (RRM), which also include the CRD V (Capital Requirements Directive), the BRRD II (Banking Recovery and Resolution Directive) and the SRMR II (Single Resolution Mechanism Regulation), significant changes were introduced to the EU framework established by the two above-mentioned regulations.

EU legislation is complemented by the provisions issued by the Bank of Italy, in particular with Circular 285 of 17 December 2013, as subsequently amended, which contains the prudential supervision regulations applicable to Italian banks and banking groups, reviewed and updated to adjust the internal regulations to the new elements of the international regulatory framework, with special reference to the new regulatory and institutional structure of banking supervision of the European Union and taking into account the needs detected while supervising banks and other intermediaries.

The public disclosure by institutions (Pillar 3) is therefore directly governed by:

- CRR, Part Eight "Disclosure by Institutions" (Articles 431-455), as amended by Regulation (EU) 2019/876 (CRR II), applicable from 28 June 2021;
- the Regulations of the European Commission that transpose the regulatory or implementing technical standards drawn up by the EBA. Of particular importance in this respect is Regulation (EU) 2021/637 of 15 March 2021, applicable from 28 June 2021, discussed further below;
- the Guidelines issued by the EBA – in line with the mandate entrusted to it by Regulation (EU) 1093/2010, which created it – for the purpose of establishing uniform templates for the publication of various types of information.

In line with the regulatory changes introduced by CRR II, the above-mentioned Implementing Regulation (EU) 2021/637, stemming from the mandate given to the EBA by Article 434a CRR II ("*Uniform disclosure formats*"), was published with the aim of streamlining and harmonising the periodic disclosures to the market by providing institutions with a complete integrated set of formats, templates and tables for uniform disclosures (the single framework), able to ensure high quality disclosure and a consistent framework aligned to international standards. This Regulation, applicable from 28 June 2021, establishes implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of CRR and repeals Implementing Regulation (EU) 1423/2013 on the disclosure of own funds requirements, Regulation (EU) 2015/1555 on the disclosure of the countercyclical buffer, Implementing regulation (EU) 2016/200 on the disclosure of the leverage ratio, and Delegated Regulation (EU) 2017/2295 on the disclosure of encumbered and unencumbered assets.

In addition, to facilitate the application of the disclosure requirements by institutions and strengthen their consistency and comparability, the EBA also has made a mapping tool available to institutions, consisting of an Excel file that links most of the quantitative public disclosure templates with those in the prudential supervisory reports.

From the reporting date of 30 June 2021, the Intesa Sanpaolo Group will publish disclosures on the basis of the provisions contained in the above-mentioned Regulation.

In addition, the requirement – currently not included in the above-mentioned Regulation 2021/637 – established by Article 448 CRR II (paragraph 1, points a) and b)), relating to the disclosure of exposures to interest rate risk on positions not held in the trading book (IRRBB – Interest Rate Risk in the Banking Book) is applicable from June 2021. In this regard, on 28 May the EBA launched a consultation for a period of three months on the document "Draft Implementing Technical Standards amending the Implementing Regulation (EU) No 637/2021 on disclosure of information on exposures to interest rate risk on positions not held in the trading book in accordance with Article 448 of Regulation (EU) No 575/2013" on the qualitative and

quantitative disclosure to be published in accordance with the aforementioned Article 448. According to the usual approval process, this document will be submitted to the European Commission and subsequently incorporated into Regulation 2021/637.

The Intesa Sanpaolo Group, from the reporting date of 30 June 2021, shall publish the disclosures required in line with the proposal in the EBA consultation document.

With regard to the Pillar 3 instructions provided by the EBA through the Guidelines, the reference standards are:

- EBA/GL/2014/14 on materiality, proprietary and confidentiality and on disclosure frequency under Articles 432(1), 432(2) and 433 CRR;
- EBA/GL/2018/01 regarding the templates for the publication of information relating to the impacts on own funds resulting from the introduction of the Regulation (EU) 2017/2395, containing “Transitional arrangements for mitigating the impact of the introduction of IFRS 9 on own funds”. As the Intesa Sanpaolo Group opted for the transitional arrangement through the “static” approach to mitigate this impact, it is also required to provide market disclosure on the amounts of its own funds, Common Equity Tier 1 Capital, Tier 1 Capital, CET1 ratio, Tier 1 ratio, Total ratio and fully loaded Leverage ratio, as if it had not adopted this transitional arrangement. As explained below in this introduction, these guidelines were amended by the Guidelines EBA/GL/2020/12 as part of the measures introduced as a result of the COVID-19 pandemic.

As part of the context linked to the COVID-19 pandemic, in order to mitigate the possible negative effects of the current crisis generated by the COVID-19 pandemic and ensure disclosure regarding the areas affected by the containment measures adopted for that purpose, thereby promoting sufficient and suitable understanding of the risk profile of supervised institutions, on 2 June 2020, the EBA published the final version of the document “*Guidelines on reporting and disclosure of exposures subject to measures applied in response to the COVID-19 crisis*” (EBA/GL/2020/07), which contains the guidelines for reporting and disclosure of exposures subject to the measures applied in response to the COVID-19 crisis, whose first-time application, for disclosure purposes, starts on 30 June 2020.

From that date, therefore, the three templates required by the above-mentioned Guidelines have been added to the Intesa Sanpaolo Group’s public disclosure – “Credit risk: credit quality” Section.

Also within the emergency scenario outlined above, Regulation (EU) 2020/873 of 24 June 2020, amending Regulations (EU) 575/2013 and Regulation (EU) 2019/876 containing temporary support provisions in terms of capital and liquidity, was published with an accelerated approval procedure (the “quick-fix”).

The Regulation establishes that institutions that decide to apply the provisions of the new transitional IFRS 9 rules relating to adjustments to loans after 31 December 2019, amending the rules introduced by Regulation (EU) 2017/2395, and/or the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income in view of the COVID-19 pandemic (the prudential filter for exposures to central governments classified as FVTOCI), in addition to disclosing the information required in Part Eight of the CRR, they are required to disclose the amounts of own funds, Common Equity Tier 1 capital and Tier 1 capital, the total capital ratio, the Common Equity Tier 1 capital ratio, the Tier 1 capital ratio, and the leverage ratio they would have in case they did not apply that treatment.

To complete the regulatory framework developed for the pandemic crisis, following the adoption of the CRR ‘quick-fix’, the EBA clarified the disclosure requirements for temporary treatments introduced with the quick-fix (“Guidelines amending Guidelines EBA/GL/2018/01 on uniform disclosures under Article 473a of Regulation (EU) No 575/2013 (CRR) on the transitional period for mitigating the impact of the introduction of IFRS 9 on own funds to ensure compliance with the CRR ‘quick-fix’ in response to the COVID-19 pandemic” - EBA/GL/2020/12).

With regard to the various provisions set out in Regulation (EU) 2020/873, the Intesa Sanpaolo Group does not make use either of the changes to the transitional regime for the application of IFRS 9 (Article 473a CRR) or the FVTOCI prudential filter (Article 468 CRR) for the purpose of calculating own funds, in line with the approach adopted starting from 30 June 2020.

With regard to the situation resulting from the COVID-19 pandemic more generally, details of the specific guidance provided by the Authorities and the consequent choices made by the Group can be found in the 2020 Annual Report, the Half-yearly Report as at 30 June 2021 and the Interim Statement as at 30 September 2021.

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In accordance with the above provisions and in line with the approach described above, this document has been prepared on a consolidated basis with reference to a “prudential” scope of consolidation, essentially corresponding to the definition of Banking Group for Regulatory purposes (supplemented by the proportional consolidation of the jointly controlled entities).

The changes in the accounting scope of consolidation in the third quarter mainly related to mergers within the Group (and therefore without impact at the consolidated level), i.e.:

- merger of Pramerica SGR S.p.A. into Eurizon Capital SGR S.p.A.;
- merger of Pramerica Management Company S.A. into Eurizon Capital S.A. Luxembourg;
- merger of UBI.S. into Intesa Sanpaolo S.p.A.;
- merger of IMMIT – Immobili italiani S.r.l. into BPB Immobiliare, with change of name of the absorbing company, which took the name of the absorbed company (IMMIT – Immobili italiani S.r.l.) and subsequent merger of Kedomus S.r.l. (former UBI Group) into the new IMMIT.

With regard to the changes in the scope of prudential consolidation, in all the cases the absorbing entity was already included in the prudential scope of consolidation and these mergers therefore had an impact not only on the accounting scope but also on the prudential scope of consolidation, which did not change further.

In the interest of completeness, with regard to the first half of 2021 you are reminded that, compared to December 2020, the amendments made in the consolidation concerned the inclusion in the line-by-line scope of consolidation of:

- RB Partecipaciones S.A.;
- Reyl & CIE S.A.;
- Asteria Investment Managers S.A.;
- Cargeas Assicurazioni S.p.A.;
- Assicurazioni Vita S.p.A. (formerly Aviva Vita);
- Lombarda Vita S.p.A.;
- Exetra S.p.A.

The first three of these changes were also relevant for the scope of prudential consolidation.

Worth mentioning is also the exclusion from the line-by-line scope of consolidation in the first half of 2021 of UBI Banca S.p.A. (merged by incorporation into Intesa Sanpaolo since 12 April 2021) and the following companies, now consolidated with the equity method in relation to the poor materiality and significance of the investments held:

- UBI Finance CB 2;
- Morval Bank & Trust Cayman LTD;
- Intesa Sanpaolo ForValue;
- UBI Finance;
- ISP CB Ipotecario;
- ISP OBG;
- ISP CB Pubblico.

In line with the related supervisory reports, the comparative data relating to previous periods were not restated to take account of the changes in the scope of consolidation.

In accordance with Article 433 of the CRR II, banks publish the Pillar 3 Disclosures required by European regulations at the same time as the financial statements or as soon as possible after that date. The frequency of publication of disclosures by large institutions (the category the Intesa Sanpaolo Group belongs to) is specifically regulated by Article 433a CRR II ("Disclosures by large institutions").

In relation to the scope of application of the provisions of the CRR, which refers - as previously indicated - to a "prudential" consolidation scope, and the provisions of the CRR, this document does not illustrate all the types of risk that the Intesa Sanpaolo Group is exposed to. For more details, see the Group's Interim Statement as at 30 September 2021, Half-yearly Report as at 30 June 2021 and 2020 Annual Report.

All the amounts reported in this disclosure, unless otherwise specified, are stated in millions of euro.

The preparation of the Pillar 3 disclosure on capital adequacy, risk exposure and the general characteristics of the related management and control systems of Intesa Sanpaolo is governed, in compliance with the applicable regulations, by the "Guidelines on the disclosure of Financial information to the Market", approved by the Board of Directors. The governance of the Pillar 3 disclosure requires the Chief Risk Officer to ensure that the risk information provided therein complies with the prudential regulation and is consistent with Group risk management guidelines and policies and with the measurement and control of the Group's exposure to the different risk categories.

Furthermore, as regards public disclosure, the document is accompanied by the declaration of the Manager responsible for preparing the Company's financial reports, pursuant to paragraph 2 of Art. 154-bis of the Consolidated Law on Finance, which confirms that the accounting information contained in the document corresponds to the supporting documentation, ledgers and other accounting records.

The preparation of Financial disclosures to the Market is one of the processes subject to assessment under the Group "Administrative and Financial Governance Guidelines", which were also approved by the Board of Directors.

Lastly, as required by the G-SIBs assessment exercise conducted by the EBA, the Group's website publishes information, upon the required deadlines, on the value of the indicators of global systemic importance (Governance\Risk management Section of the website: "Indicators of the assessment methodology to identify the global systemically important banks").

Own funds

Qualitative and quantitative disclosure

Introduction

As previously mentioned, the harmonised rules for banks and investment companies contained in Directive 2013/36/EU (CRD IV) and in Regulation (EU) 575/2013 (CRR) of 26 June 2013 and amended respectively by Directive 2019/878/EU (CRD V) and Regulation (EU) 2019/876 (CRR II), which transpose the banking supervision standards defined by the Basel Committee (the Basel 3 Framework) into European Union laws, became applicable from 1 January 2014.

The above provisions have been incorporated into the following two regulations:

- Bank of Italy Circular 285: “Supervisory regulations for banks” which renders the above-mentioned provisions operational;
- Commission Implementing Regulation (EU) 2021/451 of 17 December 2020 laying down implementing technical standards for the application of Regulation (EU) 575/2013 with regard to supervisory reporting of institutions and repealing Commission Implementing Regulation (EU) 680/2014.

These provisions are supplemented by the European Commission Delegated Regulations and the ECB Decisions on the definition of Own Funds, listed below:

- Commission Delegated Regulation (EU) 342/2014 of 21 January 2014, supplementing Directive 2002/87/EC of the European Parliament and of the Council and Regulation (EU) 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for the application of the calculation methods of capital adequacy requirements for financial conglomerates;
- Commission Delegated Regulation (EU) 2015/923 of 11 March 2015, amending Delegated Regulation (EU) 241/2014 supplementing Regulation (EU) 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for Own Funds requirements for institutions;
- Commission Delegated Regulation (EU) 2016/101 of 26 October 2015 supplementing Regulation (EU) 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for prudent valuation;
- Decision No. 2015/656 of the European Central Bank of 4 February 2015 on the conditions under which credit institutions are permitted to include interim or year-end profits in Common Equity Tier 1 capital;
- Regulation (EU) 2017/2395 of the European Parliament and of the Council of 12 December 2017, amending Regulation (EU) 575/2013, through the addition of the new Article 473a (“Introduction of IFRS 9”), in relation to the transitional arrangements for mitigating the impact of the introduction of IFRS 9 on own funds and for the large exposures treatment of certain public sector exposures denominated in the domestic currency of any Member State. The above article was amended in turn by Regulation (EU) 2020/873 of 24 June 2020 (so-called “CRR quick fix”), which makes adjustments in response to the COVID-19 pandemic;
- Regulation (EU) 2019/630 of the European Parliament and of the Council of 17 April 2019 amending Regulation (EU) 575/2013 as regards minimum loss coverage for non-performing exposures;
- Commission Delegated Regulation (EU) 2020/2176 of 12 November 2020 amending Commission Delegated Regulation (EU) 241/2014 as regards the deduction of software assets from Common Equity Tier 1 items.

This regulatory framework requires that Own Funds (or regulatory capital) are made up of the following tiers of capital:

- Tier 1 Capital, in turn composed of:
 - o Common Equity Tier 1 Capital (CET1);
 - o Additional Tier 1 Capital (AT1);
- Tier 2 Capital (T2).

Tier 1’s predominant element is Common Equity, mainly composed of equity instruments (e.g. ordinary shares net of treasury shares), share premium reserves, retained earnings reserves, undistributed income for the period, valuation reserves, eligible minority interests, net of the deducted items.

In order to be eligible for Common Equity, the equity instruments issued must guarantee absorption of losses on going concern, by satisfying the following characteristics:

- maximum level of subordination;
- option for suspending the payment of dividends/coupons at the full discretion of the issuer and in a non-cumulative manner;
- unredeemability;
- absence of redemption incentives.

At present, with reference to the Intesa Sanpaolo Group, no equity instrument other than ordinary shares is eligible for inclusion in Common Equity.

A number of prudential filters are also envisaged with effects on Common Equity:

- filter on profits associated with future margins deriving from securitisations;
- filter on cash flow hedge (CFH) reserves;

- filter on profits or losses on liabilities designated at fair value (derivatives or otherwise) associated with changes in own credit risk (DVA);
- adjustments to fair value assets associated with the “prudent valuation”.

The regulation also envisages a series of elements to be deducted from Common Equity Tier 1:

- losses for the current year;
- goodwill, intangible assets and residual intangible assets;
- deferred tax assets (DTA) associated with future income not deriving from temporary differences (e.g. DTA on losses carried forward);
- expected losses exceeding total credit risk adjustments (the shortfall reserve) for exposures weighted according to IRB approaches;
- net assets deriving from defined benefit plans;
- direct, indirect or synthetic holdings of the entity in Common Equity Tier 1 Capital instruments;
- exposures for which it is decided to opt for deduction rather than a 1,250% weighting among RWA;
- non-significant investments in CET1 instruments issued by companies operating in the financial sector (less the amount exceeding the thresholds envisaged in the regulations);
- deferred tax assets (DTA) that rely on future profitability and arise from temporary differences (deducted for the amount exceeding the thresholds envisaged in the regulation);
- significant investments in CET1 instruments issued by companies operating in the financial sector (deducted for the amount exceeding the thresholds envisaged in the regulation);
- the applicable amount of insufficient coverage for non-performing exposures, as governed by Regulation (EU) 2019/630 (minimum loss coverage);
- any negative difference between the current market value of the units or shares in CIUs held by retail customers and the present value of the minimum amount that the institution has committed as a guarantee for those customers (minimum value commitment).

The AT1 category includes equity instruments other than ordinary shares (which are eligible for Common Equity), which meet the regulatory requirements for inclusion in that level of own funds (e.g. savings shares or AT1 equity instruments), once the deductions of items and exemptions provided for in Regulation (EU) 575/2013 (CRR) and amended by Regulation (EU) 2019/876 (CRR II) have been applied.

Tier 2 Capital is mainly composed of items such as eligible subordinated liabilities and any excess of credit risk adjustments over and above expected losses (the excess reserve) for exposures weighted according to IRB approaches, once the deductions of items and exemptions provided for in Regulation (EU) 575/2013 (CRR) have been applied. Following the issue of Regulation (EU) 2019/876 (CRR II), the eligibility of class 2 instruments with a residual duration of less than five years (being amortised) is determined based on the carrying amount instead of the nominal value.

The transitional period for the introduction of the “Basel 3” regulatory framework, which provided for the partial inclusion within or deduction from Own Funds of certain items to enable a gradual impact of the new regulatory requirements, in accordance with the provisions of Directive 2013/36/EU (CRD IV) and the CRR, ended in 2017, and the exemption period established by Regulation (EU) 575/2013 (CRR), regarding the amendments to be applied to IAS 19, also ended in 2018. In addition, as at 30 September 2021, the Intesa Sanpaolo Group no longer held any subordinated instruments subject to specific transitional rules (i.e. grandfathering, which would have ended in 2021) aimed at the gradual exclusion from own funds of instruments that do not meet the requirements of the new rules.

The transitional period (2018-2022), also aimed at mitigating the capital impacts linked to the introduction of the new financial reporting standard IFRS 9, started from 1 January 2018. The Intesa Sanpaolo Group has exercised the option provided in the above-mentioned EU Regulation 2017/2395 of adopting the “static” approach that allows the neutralisation of a progressively decreasing amount of the impact of IFRS 9 in its CET1 solely for the FTA component of the impairment.

In particular, the result from the comparison between the IAS 39 adjustments at 31 December 2017 and the IFRS 9 adjustments at 1 January 2018 – relating to performing loans and securities (stage 1 and 2) and adjustments to NPLs (stage 3), net of tax and having eliminated any shortfall reserve – is re-included in the capital according to phase-in percentages of 95% in 2018, 85% in 2019, 70% in 2020, 50% in 2021, and 25% in 2022. During the transitional period, the Group may also elect to change this approach once only, subject to authorisation from the Supervisory Authority, moving from the “static” approach to the “dynamic” approach or suspending the application of the transitional treatment in favour of the fully loaded regime. During 2018, two EBA Q&As were published (2018_3784, 2018_4113) which specified that, during the transitional period, any Deferred Tax Assets (DTAs) connected to IFRS 9 FTA-related adjustments should not be considered as deductions from CET1 as envisaged by the CRR.

Considering that the approval of Law 145 of 30 December 2018 (2019 Budget Act) led to the recognition of DTAs linked to the deferred deductibility, over 10 financial years starting from 2018, of the value adjustments recognised in shareholders’ equity because they are related to the first-time adoption of IFRS 9, as envisaged by the aforementioned Regulation and the subsequent EBA Q&As, those DTAs have been neutralised for the purposes of CET 1 Capital during the transitional period established for the IFRS 9 impact (which extends until 2022) limited to the complementary portion of the phase-in percentages detailed above. Law 160 of 27 December 2019 (2020 Budget Act), like the previous Law, deferred the deduction of the portions pertaining to 2019 of the above value adjustments to the tax period 2028.

In November 2019, Q&A 2018_4302 was published which allows the amount of net deferred tax assets that rely on future profitability to be treated for prudential purposes, within the deductions from the CET1 items provided for in the CRR, independently and distinctly from the accounting framework applied to them. In this respect, the EBA clarified that for the deduction of the above-mentioned DTAs from CET1 items, the netting rules established by the CRR apply and that therefore

the amount of the DTAs – calculated for prudential purposes – may differ from the related net balance reported in the periodic reports and determined according to the applicable accounting rules.

The above-mentioned Regulation (EU) 2019/876 (CRR II), in Article 494b “Grandfathering of Own Funds instruments and eligible liabilities instruments”, introduced a new transitional regime, applicable until 28 June 2025, which allows Own Funds instruments – issued before 27 June 2019 (the date of entry into force of CRR II), which do not meet the specific conditions set out in points p), q) and r) of Article 52 (“Additional Tier 1 instruments”), as amended by Article 1 point 23) of CRR II, and in points n), o) and p) of Article 63 (“Tier 2 instruments”), as amended by Article 1 point 27) of CRR II – to qualify as AT1 and T2 instruments. As at 30 September 2021, the Intesa Sanpaolo Group no longer held any subordinated instruments subject to the above-mentioned transitional rules.

In addition, as already mentioned in the introduction to this document, since June 2020 the Intesa Sanpaolo Group has not adopted the new IFRS 9 transitional rules relating to adjustments to loans after 31 December 2019 or the reintroduction of the prudential filter for exposures to central governments classified to the FVTOCI category, both introduced by the European Commission in Regulation 2020/873 of 24 June 2020 (quick fix).

Lastly, since December 2020, the Intesa Sanpaolo Group has applied Commission Delegated Regulation (EU) 2020/2176, which entered into force on 23 December 2020 and amends Commission Delegated Regulation (EU) 241/2014 as regards the deduction of software assets from Common Equity Tier 1 items. The Regulation introduced the criterion of prudential amortisation applied to all software assets over a three-year period, regardless of their estimated useful lives for accounting purposes. Specifically, the difference, where positive, between prudential cumulative amortisation and accounting cumulative amortisation (including impairment losses) is fully deducted from CET1. The remainder, i.e. the portion of the net carrying amount of each software asset not deducted as a result of the prudential treatment, is included in the RWAs with a 100% risk weight.

Breakdown of Own Funds

The structure of the Intesa Sanpaolo Group's Own Funds as at 30 September 2021 is summarised in the table below.

	(millions of euro)	
	30.09.2021	31.12.2020
A. Common Equity Tier 1 (CET1) before the application of prudential filters	56,043	57,717
of which CET1 instruments subject to transitional adjustments	-	-
B. CET1 prudential filters (+ / -)	480	706
C. CET1 before items to be deducted and effects of transitional period (A +/- B)	56,523	58,423
D. Items to be deducted from CET1	-11,047	-9,482
E. Transitional period - Impact on CET1 (+/-)	1,516	2,129
F. Total Common Equity Tier 1 (CET1) (C-D +/- E)	46,992	51,070
G. Additional Tier 1 (AT1) before items to be deducted and effects of transitional period	6,264	7,486
of which AT1 instruments subject to transitional adjustments	-	-
H. Items to be deducted from AT1	-	-
I. Transitional period - Impact on AT1 (+/-)	-	-
L. Total Additional Tier 1 (AT1) (G - H +/- I)	6,264	7,486
M. Total Tier 1 (T1) (F + L)	53,256	58,556
N. Tier 2 (T2) before items to be deducted and effects of transitional period	9,491	9,632
of which T2 instruments subject to transitional adjustments	-	-
O. Items to be deducted from T2	-316	-255
P. Transitional period - Impact on T2 (+ / -)	-	-
Q. Total Tier 2 (T2) (N - O +/- P)	9,175	9,377
R. Total own funds (F + L + Q)	62,431	67,933

The tables below provide a detailed summary of the various capital levels before regulatory adjustments and transitional regime adjustments, together with the reconciliation between Common Equity Tier 1 and net book value.

The own funds disclosure required by the above-mentioned Regulation 2021/637, applicable from June 2021, is provided in:

- Attachment 1, which contains details of the terms and conditions of the Additional Tier 1 instruments issued during the first nine months of 2021, in line with the new template EU CCA of Regulation 2021/637;
- Attachment 2: template EU CC1 – Composition of regulatory own funds.

The full terms and conditions of all the other Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments have been reported in Attachment 1 to the Basel 3 Pillar 3 - Disclosure as at 31 December 2020.

Reconciliation of net book value and Common Equity Tier 1 Capital

Captions	(millions of euro)	
	30.09.2021	31.12.2020
Group Shareholders' equity	66,985	65,894
Minority interests	299	1,172
Shareholders' equity as per the Balance Sheet	67,284	67,066
Adjustments for instruments eligible for inclusion in AT1 or T2 and net income for the period		
- Other equity instruments eligible for inclusion in AT1	-6,263	-7,480
- Minority interests eligible for inclusion in AT1	-1	-6
- Minority interests eligible for inclusion in T2	-1	-5
- Ineligible minority interests on full phase-in	-293	-1,130
- Ineligible net income for the period ^(a)	-2,849	-821
- Treasury shares included under regulatory adjustments	291	263
- Cash distribution from extraordinary reserve ^(b)	-1,932	-
- Other ineligible components on full phase-in	-193	-170
Common Equity Tier 1 capital (CET1) before regulatory adjustments	56,043	57,717
Regulatory adjustments (including transitional adjustments) ^(c)	-9,051	-6,647
Common Equity Tier 1 capital (CET1) net of regulatory adjustments	46,992	51,070

(a) Common Equity Tier 1 capital as at 30 September 2021 includes the net income as at that date, less the related dividend, calculated taking into account the payout envisaged in the 2018-2021 Business Plan (70% for 2021) and other foreseeable charges (accrued coupon on Additional Tier 1 instruments).

(b) The cash distribution that took place on 20 October 2021 from the Extraordinary Reserve, approved by Intesa Sanpaolo's Shareholders' Meeting on 14 October 2021, in the total amount of 1,935 million euro was deducted from own funds at 30 September 2021; in particular, the amount deducted from own funds was considered net of the portion not distributed in respect of any own shares held in portfolio on the record date.

(c) Adjustments for the transitional period as at 30 September 2021 take account of the prudential filter, which allows re-inclusion in Common Equity of a portion of the impact of IFRS 9 (50% in 2021) set to decrease progressively until 2022.

Common Equity Tier 1 Capital (CET1)

Information	(millions of euro)	
	30.09.2021	31.12.2020
Common Equity Tier 1 capital (CET1)		
Share capital - ordinary shares	10,084	10,084
Share premium reserve	27,287	27,444
Reserves (a)	19,334	17,408
Accumulated other comprehensive income (b)	109	294
Net income (loss) for the period	4,006	3,277
Net income (loss) for the period not eligible (c)	-2,849	-
Dividends and other foreseeable charges	-	-821
Cash distribution from extraordinary reserve	-1,932	-
Minority interests	4	31
Common Equity Tier 1 capital (CET1) before regulatory adjustments	56,043	57,717
Common Equity Tier 1 capital (CET1): Regulatory adjustments		
Treasury shares	-291	-263
Goodwill	-4,540	-3,814
Other intangible assets	-3,623	-2,946
Deferred tax assets that rely on future profitability and do not arise from temporary differences	-1,871	-1,824
Negative amounts resulting from the calculation of expected losses (shortfall reserve)	-280	-299
Defined benefit pension funds assets	-	-
Prudential filters	480	706
- of which Cash Flow Hedge Reserve	592	728
- of which Gains or Losses due to changes in own credit risk (DVA)	174	212
- of which Prudent valuation adjustments	-286	-234
- of which Other prudential filters	-	-
Exposures to securitisations deducted rather than risk weighted at 1250%	-138	-104
CET1 instruments of financial sector entities where the institution does not have a significant investment, held directly, indirectly and synthetically, which exceed the threshold of 10% of Common Equity	-	-
Deductions with 10% threshold (d)	-	-
- of which Deferred tax assets (DTA) that rely on future profitability and arise from temporary differences	-	-
- of which CET1 instruments of financial sector entities where the institution has a significant investment, held directly, indirectly and synthetically	-	-
Deductions with threshold of 17.65% (d)	-	-
Foreseeable tax charges relating to CET1 items	-242	-193
Positive or negative elements - other	-62	-39
Total regulatory adjustments to Common Equity Tier 1 (CET1)	-10,567	-8,776
Total adjustments in the transitional period (CET1)	1,516	2,129
Common Equity Tier 1 (CET1) - Total	46,992	51,070

(a) Amount included in CET1, includes a negative effect of about 3,265 million euro deriving from the adoption of IFRS 9, in addition to the 2020 income allocated to reserves.

(b) The caption "Accumulated other comprehensive income" includes a positive effect of about 328 million euro deriving from the adoption of IFRS 9.

(c) Common Equity Tier 1 capital as at 30 September 2021 includes the net income as at that date, less the related dividend, calculated taking into account the payout envisaged in the 2018-2021 Business Plan (70% for 2021) and other foreseeable charges (accrued coupon on Additional Tier 1 instruments).

(d) See the specific table for the details of the calculation of the deduction thresholds.

For the purposes of calculating Own funds as at 30 September 2021, the net income for the first nine months of 2021 was considered, less the related dividend, calculated according to the payout ratio envisaged in the 2018-2021 Business Plan (70% for 2021) and other foreseeable charges. In addition, the cash distribution that took place on 20 October 2021 from the Extraordinary Reserve, approved by Intesa Sanpaolo's Shareholders' Meeting on 14 October 2021, in the total amount of 1,935 million euro was deducted from own funds at 30 September 2021; in particular, the amount deducted from own funds was considered net of the portion not distributed in respect of any own shares held in portfolio on the record date, amounting to 3 million euro.

This distribution – which follows the communication from the European Central Bank of 23 July 2021 that it was not extending its recommendation to all banks to limit dividends beyond 30 September 2021, and adds to the above-mentioned cash dividends of 694 million euro approved in April and paid in May 2021 – results in a total payout for 2020 corresponding to a payout ratio of 75% of the 3,505 million euro adjusted consolidated net income¹, in line with the 2018-2021 Business Plan.

As envisaged by Article 36 (1)(k)(ii) of Regulation (EU) 575/2013 which governs this circumstance, in place of the weighting of the positions towards securitisations that meet the requirements to receive a weighting of 1,250%, it was chosen to proceed with the direct deduction of these exposures from the Own Funds.

The amount of such deduction as at 30 September 2021 is equal to -138 million euro.

Additional Tier 1 Capital (AT1)

Information	(millions of euro)	
	30.09.2021	31.12.2020
Additional Tier 1 capital (AT1)		
AT1 instruments	6,263	7,480
Minority interests	1	6
Additional Tier 1 capital (AT1) before regulatory adjustments	6,264	7,486
Regulatory adjustments to Additional Tier 1 (AT1)	-	-
Adjustments in the transitional period, including minority interests (AT1)	-	-
Additional Tier 1 (AT1) - Total	6,264	7,486

Additional Tier 1 (AT1) equity instruments

Issuer	Interest rate	Step-up	Issue date	Expiry date	Early redemption as of	Currency	Subject to grandfathering	Original amount in currency	Contribution to the own funds (millions of euro)
Intesa Sanpaolo	7.70% fixed rate	NO	17-Sep-2015	perpetual	17-Sep-2025	USD	NO	1,000,000,000	878
Intesa Sanpaolo	6.25% fixed rate	NO	16-May-2017	perpetual	16-May-2024	Eur	NO	750,000,000	746
Intesa Sanpaolo	7.75% fixed rate	NO	11-Jan-2017	perpetual	11-Jan-2027	Eur	NO	1,250,000,000	1,242
Intesa Sanpaolo	3.75% fixed rate	NO	27-Feb-2020	perpetual	27-Feb-2025	Eur	NO	750,000,000	745
Intesa Sanpaolo	4.125% fixed rate	NO	27-Feb-2020	perpetual	27-Feb-2030	Eur	NO	750,000,000	745
Intesa Sanpaolo	5.875% fixed rate (payable semi-annually)	NO	01-Sep-2020	perpetual	01-Sep-2031	Eur	NO	750,000,000	745
Intesa Sanpaolo	5.5% fixed rate (payable semi-annually)	NO	01-Sep-2020	perpetual	01-Mar-2028	Eur	NO	750,000,000	745
Intesa Sanpaolo	5.875% fixed rate (payable semi-annually)	NO	20-Jan-2020	perpetual	20-Jan-2025	Eur	NO	400,000,000	394
REYL & Cie SA	4.75%	NO	30-Nov-2019	perpetual	30-Nov-2024	CHF	NO	15,000,000	13
REYL & Cie SA	4.75%	NO	30-Nov-2018	perpetual	30-Nov-2023	CHF	NO	12,000,000	10
Total Additional Tier 1 equity instruments									6,263

¹ Excluding from the stated net income the items related to the acquisition of UBI Banca consisting of the effect of the purchase price allocation, including negative goodwill, and integration charges, as well as the write-off of goodwill of the Banca dei Territori Division.

Tier 2 Capital (T2)

	30.09.2021	(millions of euro) 31.12.2020
Tier 2 Capital (T2)		
T2 Instruments	9,490	9,627
Minority interests	1	5
Excess of provisions over expected losses eligible (excess reserve)	-	-
Tier 2 capital before regulatory adjustments	9,491	9,632
Tier 2 Capital (T2): Regulatory adjustments		
T2 instruments of financial sector entities where the institution does not have a significant investment, held directly, indirectly and synthetically	-	-
T2 instruments of financial sector entities where the institution has a significant investment, held directly, indirectly and synthetically	-316	-255
Positive or negative items - other	-	-
Total regulatory adjustments to Tier 2 (T2)	-316	-255
Total adjustments in the transitional period, including minority interests (T2)	-	-
Tier 2 Capital (T2) - Total	9,175	9,377

Tier 2 (T2) equity instruments

Issuer	Interest rate	Step-up	Issue date	Expiry date	Early redemption as of	Currency	Subject to grandfathering	Original amount in currency	Contribution to the own funds (millions of euro)
Intesa Sanpaolo	6.625% fixed rate	NO	13-Sep-2013	13-Sep-2023	NO	Eur	NO	1,445,656,000	597
Intesa Sanpaolo	5.017% fixed rate	NO	26-Jun-2014	26-Jun-2024	NO	USD	NO	2,000,000,000	1,012
Intesa Sanpaolo	3.928% fixed rate	NO	15-Sep-2014	15-Sep-2026	NO	Eur	NO	1,000,000,000	1,054
Intesa Sanpaolo	2.855% fixed rate	NO	23-Apr-2015	23-Apr-2025	NO	Eur	NO	500,000,000	367
Intesa Sanpaolo	3-month Euribor + 237 bps/4	NO	30-Jun-2015	30-Jun-2022	NO	Eur	NO	781,962,000	113
Intesa Sanpaolo	5.71% fixed rate	NO	15-Jan-2016	15-Jan-2026	NO	USD	NO	1,500,000,000	1,173
Intesa Sanpaolo	4.45% fixed rate	NO	15-Mar-2017	15-Mar-2027	15-Sep-2022	Eur	NO	500,000,000	489
Intesa Sanpaolo	3-month Euribor + 1.9%/4	NO	26-Sep-2017	26-Sep-2024	NO	Eur	NO	723,700,000	430
Intesa Sanpaolo	5.875% fixed rate	NO	04-Mar-2019	04-Mar-2029	04-Mar-2024	Eur	NO	500,000,000	552
Intesa Sanpaolo	4.375% fixed rate	NO	12-Jul-2019	12-Jul-2029	12-Jul-2024	Eur	NO	300,000,000	317
Intesa Sanpaolo	1.98% fixed rate	NO	11-Dec-2019	11-Dec-2026	NO	Eur	NO	160,250,000	156
Intesa Sanpaolo	3-month Euribor + 206 bps/4	NO	11-Dec-2019	11-Dec-2026	NO	Eur	NO	188,000,000	181
Intesa Sanpaolo	5,148% fixed rate	NO	10-Jun-2020	10-Jun-2030	NO	GBP	NO	350,000,000	384
Intesa Sanpaolo	3,75% fixed rate	NO	29-Jun-2020	29-Jun-2027	NO	Eur	NO	309,250,000	298
Intesa Sanpaolo	3-month Euribor + 405 bps/4	NO	29-Jun-2020	29-Jun-2027	NO	Eur	NO	590,500,000	568
Intesa Sanpaolo	2.925% fixed rate	NO	14-Oct-2020	14-Oct-2030	NO	Eur	NO	500,000,000	481
Intesa Sanpaolo	4.198% fixed rate	NO	01-Jun-2021	01-Jun-2032	01-Jun-2031	USD	NO	750,000,000	649
Intesa Sanpaolo	4.95% fixed rate	NO	01-Jun-2021	01-Jun-2042	01-Jun-2041	USD	NO	750,000,000	669
Total Tier 2 instruments									9,490

Deduction thresholds for DTAs and investments in companies operating in the financial sector

	(millions of euro)	
	30.09.2021	31.12.2020
A. Threshold of 10% for CET1 instruments of financial sector entities where the institution does not have a significant investment	4,550	4,894
B. Threshold of 10% for CET1 instruments of financial sector entities where the institution has a significant investment and for DTA that rely on future profitability and arise from temporary differences	4,550	4,894
C. Threshold of 17.65% for significant investments and DTA not deducted in the threshold described under point B	7,077	7,401

The regulations envisage that for certain regulatory adjustments, such as those for DTAs based on future income and deriving from temporary differences, and for significant and minor investments in CET1 instruments issued by companies in the financial sector, certain thresholds or “deductibles” are specified, calculated on Common Equity estimated using different approaches:

- for minor investments in CET1 instruments issued by companies in the financial sector, the deduction of amounts exceeding 10% of CET1 prior to deductions deriving from exceeding the thresholds is envisaged;
- for significant investments in CET1 instruments and DTAs, on the other hand, the following is envisaged:
 - o an initial threshold for deductions, calculated as 10% of CET1 prior to deductions deriving from exceeding the thresholds, adjusted to take into account any excess over the threshold described in the previous point;
 - o a further threshold is indicated, calculated on 17.65% of Common Equity (calculated in the same way as the point above, minus the DTAs that are dependent on future profitability and arise from temporary differences and significant investments in CET1 instruments issued by financial sector entities), to be applied in aggregate on amounts not deducted using the first threshold.

All amounts not deducted must be weighted among risk-weighted assets at 250%.

Capital requirements

Qualitative and quantitative disclosure

According to the regulations for the prudential supervision of banks (Bank of Italy Circular 285 of 17 December 2013 and subsequent amendments), which adopt the provisions on capital measurement and capital ratios (Basel 3), the Banking Group's total own funds must amount to at least 12.79% of total risk-weighted assets (total capital ratio including the minimum requirement for Pillar 1, the additional Pillar 2 requirement of 1.5%, the capital conservation buffer of 2.5% on a fully-loaded basis already from 2019, the additional O-SII Buffer (Other Systemically Important Institutions Buffer) of 0.75% on a fully-loaded basis from 2021, and the institution-specific countercyclical capital buffer of 0.04% in the third quarter of 2021) arising from the risks typically associated with banking and financial activity (credit, counterparty, market and operational risk), weighted according to the regulatory segmentation of borrowers and considering credit risk mitigation techniques and the decrease in operational risks as a result of insurance coverage. The competent authorities, as part of the Supervisory Review and Evaluation Process (SREP), may require higher capital requirements compared to those resulting from the application of the regulatory provisions.

As already illustrated in the Section on "Own Funds", the total regulatory capital is made up of the algebraic sum of the elements specified below:

- Tier 1 Capital (capable of absorbing losses under going concern conditions). This capital is divided into Common Equity Tier 1 Capital and Additional Tier 1 Capital;
- Tier 2 Capital (capable of absorbing losses in the event of a crisis).

The elements indicated above are subject to the following limits:

- Common Equity Tier 1 must at all times be equal to at least 4.5% of risk-weighted assets;
- Tier 1 Capital must at all times be equal to at least 6% of risk-weighted assets;
- Own Funds (i.e. the total regulatory capital), equal to Tier 1 plus Tier 2 Capital, must at all times be equal to at least 8.0% of risk-weighted assets.

Following the Supervisory Review and Evaluation Process (SREP), the ECB annually makes a final decision on the capital requirement that Intesa Sanpaolo must comply with at consolidated level.

On 25 November 2020, Intesa Sanpaolo announced that it had received the ECB's final decision concerning the capital requirement that the Bank has to meet, as of 1 January 2021. The overall capital requirement the Bank has to meet in terms of Common Equity Tier 1 ratio is 8.59% for 2021 on a fully loaded basis.

This is the result of:

- a) a SREP requirement in terms of Total Capital ratio of 9.5%, comprising a minimum Pillar 1 capital requirement of 8%, and an additional Pillar 2 capital requirement of 1.5%, of which 4.5% and 0.84%, respectively, in the Common Equity Tier 1 ratio and 6% and 1.13%, respectively, in the Tier 1 ratio;
- b) the additional Capital Conservation Buffer requirement of 2.5% on a fully-loaded basis already from 2019 and the additional O-SII Buffer (Other Systemically Important Institutions Buffer) of 0.75% on a fully-loaded basis in 2021.

Considering the additional requirement consisting of the Institution-Specific Countercyclical Capital Buffer, the Common Equity Tier 1 ratio was 8.63% in 2021 and 8.64% on a fully-loaded basis².

With regard to credit risks, the ECB's authorisations to use the new Institutions and Retail SME models for regulatory purposes were implemented starting from June 2021.

With regard to counterparty risk, there were no changes in the scope of application compared to 30 June 2021.

There were no changes in the scope of application of the internal models for operational risk compared to 30 June 2021.

The annual Internal Capital Adequacy Assessment Process (ICAAP) Report, based on the extensive use of internal risk measurement methodologies, internal capital and total capital available, was approved and sent to the ECB in April 2021.

² Countercyclical Capital Buffer calculated taking into account the exposure as at 30 September 2021 in the various countries where the Group has a presence, as well as the respective requirements set by the competent national authorities and relating to 2022, where available, or the most recent update of the reference period (requirement was set at zero per cent in Italy for 2021).

Overview of total risk exposure amounts (EU OV1 Reg. 2021/637)

(millions of euro)

		Total risk exposure amounts (TREA)		Total own funds requirements
		30.09.2021	30.06.2021	30.09.2021
1	Credit risk (excluding CCR)	270,460	271,668	21,637
2	<i>Of which the standardised approach</i>	88,930	90,874	7,114
3	<i>Of which the Foundation IRB (F-IRB) approach</i>	1,158	1,209	93
4	<i>Of which slotting approach</i>	1,087	1,088	87
EU 4a	<i>Of which equities under the simple riskweighted approach</i>	27,635	24,170	2,211
5	<i>Of which the Advanced IRB (A-IRB) approach</i>	143,880	144,155	11,510
6	Counterparty credit risk - CCR	6,771	7,378	542
7	<i>Of which the standardised approach</i>	634	696	51
8	<i>Of which internal model method (IMM)</i>	4,515	4,344	361
EU 8a	<i>Of which exposures to a CCP</i>	288	314	23
EU 8b	<i>Of which credit valuation adjustment - CVA</i>	502	411	40
9	<i>Of which other CCR</i>	832	1,613	67
15	Settlement risk	-	-	-
16	Securitisation exposures in the non-trading book (after the cap) (*)	8,395	8,536	671
17	<i>Of which SEC-IRBA approach</i>	5,014	5,058	401
18	<i>Of which SEC-ERBA (including IAA)</i>	150	161	12
19	<i>Of which SEC-SA approach</i>	3,231	3,317	258
EU 19a	<i>Of which 1250%</i>	-	-	-
20	Position, foreign exchange and commodities risks (Market risk)	16,172	15,788	1,294
21	<i>Of which the standardised approach</i>	1,516	1,618	121
22	<i>Of which IMA</i>	14,656	14,170	1,173
EU 22a	Large exposures	-	-	-
23	Operational risk	26,378	26,378	2,110
EU 23a	<i>Of which basic indicator approach</i>	530	530	42
EU 23b	<i>Of which standardised approach</i>	3,479	3,479	278
EU 23c	<i>Of which advanced measurement approach</i>	22,369	22,369	1,790
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (**)	12,304	14,804	984
29	TOTAL	328,176	329,748	26,254

* Memo item: deducted securitisations equivalent to 1,683 million euro of RWEAs and 135 million euro of requirement.

** The amount is shown for information purposes only, as these exposures are already included in row 1 (Credit risk) and related "of which".

The total amount of risk-weighted exposures recorded as at 30 September 2021 was 328.2 billion euro, with a change of around -1.6 billion euro compared to June 2021. In particular, please note the following:

- for credit risk (-1.2 billion euro compared to the previous quarter, excluding counterparty risk and including the amount below the thresholds for deduction), the change was mainly attributable to the reduction in the absorption by the 'Institutions' segment, also due to lower exposure, together with benefits deriving from new synthetic securitisations and the sale of bad loans, partially offset by higher absorption by the international subsidiaries and the insurance investments;
- for counterparty risk (-0.6 billion euro compared to the previous quarter), the decrease stemmed from a reduction in repurchase agreement (repo) transactions;
- there was no significant decrease for the securitisation exposures in the non-trading book (-0.1 billion euro compared to the previous quarter);
- for market risk (+0.4 billion euro compared to the previous quarter), the increase was due to higher exposure to government bonds;
- for operational risk, in line with the half-yearly update of the calculation, there was no change.

For details of the RWA flows using the IRB, IMM and IMA approaches, see the qualitative comments at the bottom of the RWA flow statements below (EU CR8, EU CCR7 and EU MR2-B).

As required by the regulations (Commission Implementing Regulation (EU) 2021/637 of 15 March 2021), these tables show the RWA flows during the last quarter.

Key metrics template (EU KM1 Reg. 2021/637)

In accordance with the requirements of Article 447 CRR II (Disclosure of key metrics), the table below reports the key capital and risk measures for the Intesa Sanpaolo Group.

(millions of euro)

		30.09.2021	30.06.2021
Available own funds (amounts)			
1	Common Equity Tier 1 (CET1) capital	46,992	48,992
2	Tier 1 capital	53,256	55,257
3	Total capital	62,431	64,776
Risk-weighted exposure amounts			
4	Total risk exposure amount	328,176	329,748
Capital ratios (as a percentage of risk-weighted exposure amount)			
5	Common Equity Tier 1 ratio (%)	14.32%	14.86%
6	Tier 1 ratio (%)	16.23%	16.76%
7	Total capital ratio (%)	19.02%	19.64%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)			
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	1.50%	1.50%
EU 7b	of which: to be made up of CET1 capital (percentage points)	0.84%	0.84%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1.13%	1.13%
EU 7d	Total SREP own funds requirements (%)	9.50%	9.50%
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)			
8	Capital conservation buffer (%)	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.00%	0.00%
9	Institution specific countercyclical capital buffer (%)	0.04%	0.04%
EU 9a	Systemic risk buffer (%)	0.00%	0.00%
10	Global Systemically Important Institution buffer (%)	0.00%	0.00%
EU 10a	Other Systemically Important Institution buffer (%)	0.75%	0.75%
11	Combined buffer requirement (%)	3.29%	3.29%
EU 11a	Overall capital requirements (%)	12.79%	12.79%
12	CET1 available after meeting the total SREP own funds requirements (%)	8.98%	9.51%
Leverage ratio			
13	Total exposure measure	792,111	805,410
14	Leverage ratio (%)	6.72%	6.86%
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)			
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.00%	0.00%
EU 14b	of which: to be made up of CET1 capital (percentage points)	0.00%	0.00%
EU 14c	Total SREP leverage ratio requirements (%)	3.09%	3.09%
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)			
EU 14d	Leverage ratio buffer requirement (%)	0.00%	0.00%
EU 14e	Overall leverage ratio requirement (%)	3.09%	3.09%
Liquidity Coverage Ratio			
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	160,318	154,832
EU 16a	Cash outflows - Total weighted value	114,105	112,702
EU 16b	Cash inflows - Total weighted value	24,512	23,605
16	Total net cash outflows (adjusted value)	89,593	89,097
17	Liquidity coverage ratio (%)	179.5%	173.9%
Net Stable Funding Ratio			
18	Total available stable funding	626,529	626,257
19	Total required stable funding	505,925	505,948
20	NSFR ratio (%)	123.8%	123.8%

With regard to the above table, see the comments at the bottom of the table EU OV1 (in this section) for more details on the change in risk-weighted exposure and the section on Own Funds for more details on their movements.

**RWA flow statements of credit risk exposures under the IRB approach in the third quarter
(EU CR8 Reg. 2021/637)**

(millions of euro)

	Risk weighted exposure amount
1 Risk weighted exposure amount as at 30 June 2021	180,767
2 Asset size (+/-)	1,456
3 Asset quality (+/-)	-379
4 Model updates (+/-)	-
5 Methodology and policy (+/-)	-7
6 Acquisitions and disposals (+/-)	-
7 Foreign exchange movements (+/-)	409
8 Other (+/-)	-716
9 Risk weighted exposure amount as at 30 September 2021 (*)	181,530

(*) As at 30 September 2021, the RWA relating to IRB models amounted to 181,530 million euro and was attributable to the Foundation IRB approach for 1,158 million euro (Row 3 EU OV1), to the slotting criteria approach for 1,087 million euro (Row 4 EU OV1), to the Advanced IRB approach for 143,880 million euro (Row 5 EU OV1), to equity instruments measured using the simple weighted average for 27,635 million euro (Row 4a EU OV1), to amounts below the deduction thresholds for 4,323 million euro (of which Row 24 EU OV1) and to equity instruments measured using the PD/LGD approach for 3,447 million euro.

As at September 2021, the aggregate of exposures measured under credit risk management advanced approaches³, amounted to RWAs 181,530 million euro, a net increase of 763 million euro on June 2021, when the aggregate amounted to 180,767 million euro. The change during the quarter was attributable to the following:

- +1,456 million euro due to an increase in transaction volumes, mainly in the Corporate and Equity portfolios, partially offset by a decrease in the Banks aggregate;
- -379 million euro due to the improvement in credit quality for the Banks, Retail and Public Entities portfolios, together with a slight reshaping of the risk level within the Corporate and Retail SME aggregates;
- +409 million euro due to changes in foreign currency exposures, reflecting exchange rate fluctuations, driven in particular by the EUR/USD appreciation;
- -716 million euro, mainly due to the sale of non performing loans during the quarter, together with the completion of a new GARC synthetic securitisation.

³ The risk-weighted exposures have been calculated in accordance with the instructions of the CRR, Part Three, Title II, Chapter 3, and the capital requirement has been calculated in accordance with Article 92(3)(a).

**RWEA flow statements of CCR exposures under the IMM in the third quarter
(EU CCR7 Reg. 2021/637)**

(millions of euro)

	RWEAs
1 RWEAs as at 30 June 2021	4,344
2 Asset size	256
3 Credit quality of counterparties	-92
4 Model updates (IMM only)	-
5 Methodology and policy (IMM only)	-
6 Acquisitions and disposals	-
7 Foreign exchange movements	2
8 Other	5
8 RWEAs as at 30 September 2021	4,515

As required by Reg. 2021/637, the table does not include exposures to central counterparties (CCPs). Starting from June 2021 the amount reported in the above table takes into account this exclusion.

With regard to the changes in RWAs related to CCR exposures (derivatives and SFTs, determined based on the IMM, in accordance with part three, title II, chapter 6 of the CRR) the value of the aggregate increased in the quarter: 4,344 million euro at the end of June 2021 and 4,515 million euro at the end of September 2021. The change of 171 million euro was mainly attributable to the following components:

- +256 million euro due to the increase in exposures in the portfolio;
- -92 million euro due to the improvement in the credit rating of several counterparties in the portfolio.
- +2 million euro due to foreign currency exposures, as a result of exchange rate fluctuations.

**RWEA flow statements of market risk exposures under the IMA in the third quarter
(EU MR2-B Reg. 2021/637)**

(millions of euro)

	VaR	SVaR	IRC	Comprehensive risk measure	Other	Total RWEAs	Total own funds requirements
1 RWEAs as at 30 June 2021	2,954	8,576	2,289	-	351	14,170	1,134
1a Regulatory adjustment	2,211	5,693	258	-	25	8,187	655
1b RWEAs at the previous quarter-end (end of the day)	743	2,883	2,031	-	326	5,983	479
2 Movement in risk levels	-118	-501	1,879	-	-111	1,149	92
3 Model updates/changes	-	-	-	-	-	-	-
4 Methodology and policy	-	-	-	-	-	-	-
5 Acquisitions and disposals	-	-	-	-	-	-	-
6 Foreign exchange movements	-	-	-	-	-	-	-
7 Other	-	-	-	-	-	-	-
8a RWEAs at the end of the disclosure period (end of the day)	625	2,382	3,910	-	215	7,132	571
8b Regulatory adjustment	1,737	5,773	-	-	14	7,524	602
8 RWEAs as at 30 September 2021	2,362	8,155	3,910	-	229	14,656	1,173

The RWAs for the third quarter were basically in line with the requirements at the end of June. The decrease of VaR and SVaR metrics was due to lower volatility of the key risk factors (VaR), as well as a decrease of credit indices exposure (SVaR). The increase of the IRC metric was driven by exposures to long-maturity Italian government bonds.

Institution-specific Countercyclical Capital Buffer

Below is the information relating to the “Countercyclical capital buffer”, prepared based on the ratios applicable at 30 September 2021 and Implementing Regulation (EU) 2021/637 of the Commission of 15 March 2021 (repealing Delegated Regulation (EU) 2015/1555) which supplements regulation (EU) 575/2013 of the European Parliament and of the Council (CRR) with regard to regulatory technical standards for the disclosure of information in relation to the compliance of institutions with the requirement for a countercyclical capital buffer in accordance with Article 440 of the same CRR. As established by Article 140, paragraph 1, of directive 2013/36/EU (so-called CRD IV), the institution-specific countercyclical capital buffer is the weighted average of the countercyclical ratios which are applied in the countries where the relevant credit exposures of the institutions are located.

CRD IV established the obligation for the designated national authorities to activate an operational framework for the definition of the ratio of the countercyclical capital buffer (CCyB) starting from 1 January 2016. The ratio is subject to review on a quarterly basis. The European regulation was implemented in Italy with Bank of Italy circular 285, which contains suitable regulations concerning CCyB. Based on the analysis of the reference indicators, the Bank of Italy decided to set the countercyclical buffer rate (for exposures towards Italian counterparties) at 0% also for the fourth quarter of 2021.

The relevant credit exposures include all the classes of exposure other than those under Article 112, letters from a) to f), of regulation (EU) 575/2013. The following portfolios are excluded: exposures to central administrations or central banks; exposures to regional administrations or local authorities; exposures to public-sector entities; exposures to multilateral development banks; exposures to international organisations; exposures to institutions.

With reference to 30 September 2021:

- the countercyclical capital ratios at individual country level were set, with the methods summarised above, generally equal to 0%, with the exception of the following countries: Slovakia (1.00%), Hong Kong (1.00%), Norway (1.00%), Czech Republic (0.50%), Bulgaria (0.50%) and Luxembourg (0.50%) and were therefore unchanged from 30 June 2021;
- at consolidated level, Intesa Sanpaolo’s specific countercyclical ratio amounts to 0.04%.

Amount of the Institution-specific countercyclical capital buffer as at 30 September 2021 (EU CCyB2 Reg. 2021/637)

(millions of euro)

Total risk exposure amount	328,176
Institution specific countercyclical capital buffer rate	0.04%
Institution specific countercyclical capital buffer requirement	131

Comparison of own funds, capital ratios and leverage ratio with and without the application of transitional provisions for IFRS 9 (EU IFRS 9-FL LG EBA 2020/12)

(millions of euro)

Available capital (amounts)	30.09.2021	30.06.2021	31.03.2021	31.12.2020	30.09.2020
1 Common Equity Tier 1 capital (CET1)	46,992	48,992	50,080	51,070	50,325
2 Common Equity Tier 1 capital (CET1) if IFRS 9 or analogous ECLs transitional arrangements had not been applied	45,476	47,474	48,568	48,941	48,193
3 Tier 1 capital	53,256	55,257	56,300	58,556	57,821
4 Tier 1 capital if IFRS 9 or analogous ECLs transitional arrangements had not been applied	51,740	53,739	54,788	56,427	55,689
5 Total capital	62,431	64,776	65,623	67,933	67,097
6 Total capital if IFRS 9 or analogous ECLs transitional arrangements had not been applied	61,822	64,170	65,016	66,773	65,838
Risk-weighted assets (amounts)					
7 Total risk-weighted assets	328,176	329,748	336,062	347,072	342,251
8 Total risk-weighted assets if IFRS 9 or analogous ECLs transitional arrangements had not been applied	329,098	330,715	337,071	348,519	343,750
Capital ratios					
9 Common Equity Tier 1 capital (as a percentage of the risk exposure amount)	14.3%	14.9%	14.9%	14.7%	14.7%
10 Common Equity Tier 1 capital (as a percentage of the risk exposure amount) if IFRS 9 or analogous ECLs transitional arrangements had not been applied	13.8%	14.4%	14.4%	14.0%	14.0%
11 Tier 1 capital (as a percentage of the risk exposure amount)	16.2%	16.8%	16.8%	16.9%	16.9%
12 Tier 1 capital (as a percentage of the risk exposure amount) if IFRS 9 or analogous ECLs transitional arrangements had not been applied	15.7%	16.2%	16.3%	16.2%	16.2%
13 Total capital (as a percentage of the risk exposure amount)	19.0%	19.6%	19.5%	19.6%	19.6%
14 Total capital (as a percentage of the risk exposure amount) if IFRS 9 or analogous ECLs transitional arrangements had not been applied	18.8%	19.4%	19.3%	19.2%	19.2%
Leverage ratio					
15 Leverage ratio total exposure measure	792,111	805,410	786,344	814,646	881,054
16 Leverage ratio	6.7%	6.9%	7.2%	7.2%	6.6%
17 Leverage ratio if IFRS 9 or analogous ECLs transitional arrangements had not been applied	6.5%	6.7%	7.0%	6.9%	6.3%

As described in the chapter “Own Funds”, the first-time adoption of IFRS 9 and the adoption of the “static” approach during the transition period (2018-2022), as permitted by Regulation (EU) 2017/2395, resulted in the effects on regulatory capital and prudential ratios as at 30 September 2021 (with and without applying the transitional provisions for IFRS 9) shown in the table above due to the following:

- the reduction of CET1, due to the FTA impact linked to the first-time adoption of IFRS 9, after eliminating the shortfall existing as at 31 December 2017 on IRB exposures;
- the increase in CET1 due to the re-inclusion of the gradually decreasing transitional component as a result of the adoption of the adjustment introduced by the afore-mentioned Regulation, aimed at mitigating the impact of FTA;
- a positive impact on CET1 resulting from the change in the classification of the financial assets in the categories established by IFRS 9 and the consequent change in measurement metrics;
- a reduction in the CET1 ratio as a result of the increase in DTAs that rely on future profitability limited to the complementary portion of the phase-in percentages envisaged for the transitional period, as established by the related EBA Q&As (2018_3784 and 2018_4113);
- the increase in the excess reserve, based on the provisions of the aforementioned Regulation, which may be added to the Tier 2 Capital, up to the amount of 0.6% of IRB RWA, solely for the part in excess of the amount re-included in CET1 as a result of the adoption of said transitional adjustment;
- the reduction of the risk-weighted assets (RWA) on standard exposures which, as a result of the increase in the provisions linked to the first-time adoption of IFRS 9, reduced the risk exposure (EAD);
- the increase in risk-weighted assets (RWA) on standard exposures due to the application, under said provisions, of the scaling factor set out in Regulation (EU) 2017/2395.

From 30 September 2019, the deduction of DTAs and investments in companies in the financial sector described in the section on own funds ceased to be applied following the application of the Danish Compromise, except for the insurance own funds instruments originating from the former UBI Group, for which no request has been made for extension of the Danish Compromise. As a consequence, the difference between the amount of the 250% risk-weighted DTAs in the IFRS 9 transitional approach and those re-determined on the assumption IFRS 9 had not been applied (fully-loaded IFRS 9), as described in detail in the above-mentioned section, results in an increase in risk-weighted exposures for the latter, which will cease at the end of the transitional period (2022).

Liquidity risk

LIQUIDITY RISK

The Group's liquidity position - supported by suitable high-quality liquid assets (HQLA) and the significant contribution from stable customer deposits - remained within the risk limits set out in the current Group Liquidity Policy in the first nine months of 2021. Both regulatory indicators, LCR and NSFR, were well above the minimum regulatory requirements.

Over the last 12 months, the Liquidity Coverage Ratio (LCR) of the Intesa Sanpaolo Group, measured according to Delegated Regulation (EU) 2015/61, has amounted to an average of 179.5%. The table below contains the quantitative information on the Liquidity Coverage Ratio (LCR) of the Intesa Sanpaolo Group, measured in accordance with the EU regulations and subject to periodic reporting to the competent Supervisory Authority. The figures shown refer to the simple quarterly average of the last 12 months of monthly observations, in accordance with Regulation 2021/637.

Quantitative information on LCR (Liquidity Coverage Ratio) (EU LIQ1 Reg. 2021/637)

(millions of euro)

SCOPE OF CONSOLIDATION		TOTAL UNWEIGHTED VALUE (AVERAGE)				TOTAL WEIGHTED VALUE (AVERAGE)			
		30-sep-21	30-jun-21	31-mar-21	31-dec-20	30-sep-21	30-jun-21	31-mar-21	31-dec-20
EU1a	Quarter ending on								
EU1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA) (a)					160,318	154,832	140,393	123,984
CASH-OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	283,531	278,200	263,896	248,185	20,058	19,582	18,549	17,451
3	Stable deposits	203,891	201,011	190,689	178,534	10,195	10,051	9,534	8,927
4	Less stable deposits	79,640	77,189	73,207	69,651	9,863	9,531	9,015	8,524
5	Unsecured wholesale funding	145,434	143,889	136,835	125,637	64,985	64,501	61,492	55,535
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	45,824	44,401	42,431	40,384	11,453	11,097	10,605	10,094
7	Non operational deposits (all counterparties)	97,176	96,989	91,761	82,542	51,098	50,905	48,244	42,730
8	Unsecured debt	2,434	2,499	2,643	2,711	2,434	2,499	2,643	2,711
9	Secured wholesale funding					1,618	1,584	1,563	1,352
10	Additional requirements	70,801	69,752	67,247	66,413	17,416	17,615	17,432	17,580
11	Outflows related to derivative exposure and other collateral requirements	5,023	5,081	5,048	4,983	4,893	4,986	4,976	4,768
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	65,778	64,671	62,199	61,430	12,523	12,629	12,456	12,812
14	Other contractual funding obligations	4,707	4,294	3,351	2,827	4,645	4,161	3,219	2,824
15	Other contingent funding obligations	119,783	121,073	116,324	108,323	5,383	5,259	4,935	4,627
16	TOTAL CASH OUTFLOWS					114,105	112,702	107,190	99,369
CASH-INFLOWS									
17	Secured lending (e.g. reverse repos)	18,045	18,944	22,365	24,018	847	643	622	770
18	Inflows from fully performing exposures	22,571	22,117	22,082	21,192	15,674	15,155	14,973	13,595
19	Other cash inflows	22,560	22,389	22,085	22,122	7,991	7,807	7,906	8,137
EU19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
EU19b	(Excess inflows from a related specialised credit institution)					-	-	-	-
20	TOTAL CASH INFLOWS	63,176	63,450	66,532	67,332	24,512	23,605	23,501	22,502
EU20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU20b	Inflows subject to 90% cap	-	-	-	-	-	-	-	-
EU20c	Inflows subject to 75% cap	63,176	63,450	66,532	67,332	24,512	23,605	23,501	22,502
TOTAL ADJUSTED VALUE									
EU21	LIQUIDITY BUFFER					160,318	154,832	140,393	123,984
22	TOTAL NET CASH OUTFLOWS					89,593	89,097	83,689	76,867
23	LIQUIDITY COVERAGE RATIO					179.5%	173.9%	167.2%	159.1%

(a) Liquidity reserves held by subsidiaries based in a third country subject to restrictions to assets transferability are recognised only for the portion intended to cover net cash outflows in that third country. All excess amounts are therefore excluded from the Group's consolidated LCR.

At the end of September 2021, the exact value of unencumbered HQLA reserves at the various Treasury Departments of the Group totalled 174 billion euro (170 billion euro in December 2020), approximately 80% of which consisted of cash as a result of higher temporary excess liquidity payments in the form of unrestricted deposits held at central banks compared to the end of 2020. Including the other marketable reserves and/or eligible Central Bank reserves, including retained self-securitisations, the Group's unencumbered liquidity reserves totalled 181 billion euro (195 billion euro in December 2020).

	(millions of euro)	
	Unencumbered (net of haircut)	
	30.09.2021	31.12.2020
HQLA Liquidity Reserves	174,310	170,264
Cash and Deposits held with Central Banks (HQLA)	138,079	80,698
Highly liquid securities (HQLA)	36,231	89,566
Other eligible and/or marketable reserves	6,561	24,403
Total Group's Liquidity Buffer	180,871	194,667

At 30 September 2021, the Intesa Sanpaolo Group's NSFR, supported by a solid base of stable deposits from customers, adequate wholesale medium/long-term securities funding and the TLTRO funding from the ECB, was 123.8%. This indicator remains significantly higher than 100%, even excluding the positive contribution from TLTRO funding.

The stress tests, in view of the high availability of unencumbered liquidity reserves, yielded results in excess of the maximum threshold for the Intesa Sanpaolo Group, with a liquidity surplus capable of meeting extraordinary cash outflows for a period longer than 3 months. Adequate and timely information regarding the development of market conditions and the position of the Bank and/or Group was regularly provided to the corporate bodies and internal committees in order to ensure full awareness and manageability of the main risk factors.

Leverage Ratio

Qualitative and quantitative disclosure

Under the Basel 3 prudential regulations, the Leverage ratio entered definitively into effect on 1 January 2015. The Leverage ratio measures the degree to which Tier 1 Capital covers the Banking Group's total exposure. The ratio is calculated by considering off-balance sheet exposures and assets.

The objective of the indicator is to contain the degree of indebtedness on banks' accounts by establishing a minimum level of coverage of exposures with equity. The ratio, which is monitored by the authorities, is expressed as a percentage and is subject to a minimum threshold of 3%. From June 2021, this limit became a Pillar 1 requirement under the provisions of Article 92(1)(d) of Regulation (EU) 2019/876 (CRR II).

The Leverage ratio is calculated quarterly. The indicator is monitored at both the individual and Banking Group level.

The Leverage ratio is calculated as the ratio of Tier 1 Capital to total exposure. The total exposure includes the on-balance sheet exposures, net of deductions and offsetting allowed by the regulations, and the off-balance sheet exposures.

As a result of the continuation of the exceptional circumstances resulting from the COVID-19 pandemic, the European Central Bank issued Decision (EU) 2021/1074 allowing the possibility of temporarily excluding (until 31 March 2022) certain exposures to central banks from the total exposures.

The Intesa Sanpaolo Group has decided to continue to make use of these exclusions and is therefore required to comply with a higher regulatory minimum limit of 3.09%, determined in accordance with the provisions of Article 429a(7) (the adjusted Leverage Ratio - aLR).

Leverage ratio of the Intesa Sanpaolo Group

The disclosure of the leverage ratio of the Intesa Sanpaolo Group as at 30 September 2021, provided in accordance with the regulatory principles of the CRR amended by Regulation 2019/876 (CRR II), is presented below.

The quantitative disclosure required by the above-mentioned Regulation 2021/637, applicable from June 2021, is published half-yearly, in accordance with the regulatory requirement for large institutions. In the interest of completeness, a summary quantitative disclosure of the leverage ratio is provided below.

The Leverage ratio is indicated according to the transitional provisions.

	(millions of euro)
Capital and total exposure measure	30.09.2021
Tier 1 capital	53,256
Leverage ratio total exposure measure	792,111
Leverage ratio	6.7%

Declaration of the Manager responsible for preparing the Company's financial reports

The Manager responsible for preparing the Company's financial reports, Fabrizio Dabbene, declares, pursuant to par. 2 of art. 154-bis of the Consolidated Law on Finance, that the accounting information contained in this document "Basel 3 - Pillar 3 as at 30 September 2021" corresponds to the corporate records, books and accounts.

Milan, 3 November 2021

Fabrizio Dabbene
Manager responsible for preparing
the Company's financial reports

Attachment 1

Own funds: Main features of regulatory own funds instruments issued during the period
(EU CCA Reg. 2021/637)

1	Issuer	Intesa Sanpaolo S.p.A.
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	US46115HBQ92
2a	Public or private placement	public placement
3	Governing law(s) of the instrument	New York law, except for subordination provisions governed by Italian law.
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes
	REGULATORY TREATMENT	
4	Current treatment taking into account, where applicable, transitional CRR rules	Tier 2 capital
5	Post-transitional CRR rules	Tier 2 capital
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo & consolidated
7	Instrument type (types to be specified by each jurisdiction)	Debt instrument - Art. 62 CRR
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	649
9	Nominal amount of instrument	750
EU 9a	Issue price	100
EU 9b	Redemption price	100
10	Accounting classification	Liability - amortised cost
11	Original date of issuance	01/06/2021
12	Perpetual or dated	Dated
13	Original maturity date	01/06/2032
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	01/06/2031
16	Subsequent call dates, if applicable	N/A
	COUPONS / DIVIDENDS	
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	4.198% per annum, payable semi-annually
19	Existence of a dividend stopper	No
EU 20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A
EU 20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	No
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
34a	Type of subordination (only for eligible liabilities)	N/A
EU 34b	Ranking of the instrument in normal insolvency proceedings	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior to Additional Tier 1, subordinated to Senior Unsecured
36	Non-compliant transitioned features	NO
37	If yes, specify non-compliant features	N/A
37a	Link to the full term and conditions of the instrument (signposting)	https://group.intesasanpaolo.com/en/investor-relations/prospectus/international-issue-documents/mtn-us

1	Issuer	Intesa Sanpaolo S.p.A.
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	US46115HBS58
2a	Public or private placement	public placement
3	Governing law(s) of the instrument	New York law, except for subordination provisions governed by Italian law.
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes
	REGULATORY TREATMENT	
4	Current treatment taking into account, where applicable, transitional CRR rules	Tier 2 capital
5	Post-transitional CRR rules	Tier 2 capital
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo & consolidated
7	Instrument type (types to be specified by each jurisdiction)	Debt instrument - Art. 62 CRR
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	669
9	Nominal amount of instrument	750
EU 9a	Issue price	100
EU 9b	Redemption price	100
10	Accounting classification	Liability - amortised cost
11	Original date of issuance	01/06/2021
12	Perpetual or dated	Dated
13	Original maturity date	01/06/2042
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	01/06/2041
16	Subsequent call dates, if applicable	N/A
	COUPONS / DIVIDENDS	
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	4.950% per annum, payable semi-annually
19	Existence of a dividend stopper	No
EU 20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A
EU 20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	No
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
34a	Type of subordination (only for eligible liabilities)	N/A
EU 34b	Ranking of the instrument in normal insolvency proceedings	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior to Additional Tier 1, subordinated to Senior Unsecured
36	Non-compliant transitioned features	NO
37	If yes, specify non-compliant features	N/A
37a	Link to the full term and conditions of the instrument (signposting)	https://group.intesasanpaolo.com/en/investor-relations/prospectus/international-issue-documents/mtn-us

Attachment 2

Own funds: Composition of regulatory
own funds
(EU CC1 Reg. 2021/637)

(millions of euro)

		30.09.2021	31.12.2020	Source based on reference numbers / letters of the balance sheet under the regulatory scope of consolidation	Reference article of Regulation (EU) 575/2013
Common Equity Tier 1 (CET1) capital: instruments and reserves					
1	Capital instruments and the related share premium accounts	37,371	37,528	9, 10	26, paragraph 1, 27, 28, 29
	of which: instrument type 1	37,371	37,528	9, 10	EBA list as per article 26 (3)
	of which: instrument type 2	-	-		EBA list as per article 26 (3)
	of which: instrument type 3	-	-		EBA list as per article 26 (3)
2	Retained earnings	20,667	20,673	8	26, paragraph 2(c)
3	Accumulated other comprehensive income (and other reserves)	-3,156	-2,971	6, 8	26, paragraph 1, 27, 28, 29
EU3a	Funds for general banking risk	-	-		26, paragraph 1(f)
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	-	-		486, paragraph 2
5	Minority interests (amount allowed in consolidated CET1)	4	31	12.1	84
EU5a	Independently reviewed interim profits net of any foreseeable charge or dividend	1,157	2,456	13	26, paragraph 2
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	56,043	57,717		Sum of rows from 1 to 5a
Common Equity Tier 1 (CET1) capital: regulatory adjustments					
7	Additional value adjustments (negative amount)	-286	-234	15	34, 105
8	Intangible assets (net of related tax liability) (negative amount)	-8,163	-6,760	1.1, 2, 5.2.1	36, paragraph 1(b), 37
9	Not applicable (*) (amount at 31/12/2020: Transitional adjustments related to IFRS 9, now included in row 27a as required by Reg. 2021/637)	-	2,129	8.1	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-1,871	-1,824	3, 3.1	36, paragraph 1(c), 38
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	592	728	6, 6.3	33, paragraph 1(a)
12	Negative amounts resulting from the calculation of expected loss amounts	-280	-299	17	36, paragraph 1(d), 40, 159
13	Any increase in equity that results from securitised assets (negative amount)	-	-		32, paragraph 1
14	Gains or losses on liabilities measured at fair value resulting from changes in own credit standing (*) (amount at 31/12/2020 also included "Fair value gains or losses on liabilities measured at fair value arising from the institution's own credit risk related to derivative liabilities", now included in row 27a as required by Reg. 2021/637)	93	212	14	33, paragraph 1(b)
15	Defined-benefit pension fund assets (negative amount)	-	-		36, paragraph 1(e), 41
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	-291	-263	11	36, paragraph 1(f), 42
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-		36, paragraph 1(g), 44
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	1	36(1)(h), 43, 45, 46, 49 (2 and 3), 79
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	1	36(1)(i), 43, 45, 47, 48(1)(b), 49 (1,2 and 3), 79
20	Not applicable (*) (amount as at 31/12/2020: Other CET1 deduction items based on instructions from the National Authority, now partly included in row EU25b and partly in row 27a as required by Reg. 2021/637)	-	-232		
EU20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-138	-104	16	36, paragraph 1(k)
EU20b	of which: qualifying holdings outside the financial sector (negative amount)	-	-		36, paragraph 1(k)(i), 89, 90, 91
EU20c	of which: securitisation positions (negative amount)	-138	-104	16	36, paragraph 1(k)(ii), 244 (1)(b), 245 (1)(b), 253
EU20d	of which: free deliveries (negative amount)	-	-		36, paragraph 1(k)(iii), 379 (3)
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-	-		36, paragraph 1(c), 38, 48 (1)(a)
22	Amount exceeding the 17.65% threshold (negative amount)	-	-		48, paragraph 1
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	-		36(1)(i), 48(1)(b)
24	Not applicable	-	-		
25	of which: deferred tax assets arising from temporary differences	-	-		36, paragraph 1(c), 38, 48 (1)(a)
EU25a	Losses for the current financial year (negative amount)	-	-		36, paragraph 1(a)
EU25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount) (*) (amount as at 31/12/2020: included in row 20)	-242	-	21	36, paragraph 1(l)
26	Not applicable	-	-		
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)	-	-		36, paragraph 1(j)
27a	Other regulatory adjustments (*)	1,535	n/a (a)	8.1, 19, 21	
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	-9,051	-6,647		Sum of rows from 7 to 20a, 21, 22 and from 25a to 27
29	Common Equity Tier 1 (CET1) capital	46,992	51,070		Row 6 less row 28

(millions of euro)

		30.09.2021	31.12.2020	Source based on reference numbers / letters of the balance sheet under the regulatory scope of consolidation	Reference article of Regulation (EU) 575/2013
Additional Tier 1 (AT1) capital: instruments					
30	Capital instruments and the related share premium accounts	6,307	7,480	7	51, 52
31	of which: classified as equity under applicable accounting standards	6,307	7,480	7	
32	of which: classified as liabilities under applicable accounting standards	-	-		
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1	-	-		486, paragraph 3
EU33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	-	-		494a, paragraph 1
EU33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	-	-		494b, paragraph 1
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	1	6	122	85, 86
35	of which: instruments issued by subsidiaries subject to phase out	-	-		486, paragraph 3
36	Additional Tier 1 (AT1) capital before regulatory adjustments	6,308	7,486		Sum of rows 30, 33, 33a, 33b and 34
Additional Tier 1 (AT1) capital: regulatory adjustments					
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	-44	-	7	52, paragraph 1(b), 56 (a), 57
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-		56 (b), 58
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-		56 (c), 59, 60, 79
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	-		56 (d), 59, 79
41	Not applicable	-	-		
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	-		56 (e)
42a	Other regulatory adjustments to AT1 capital (*)	-	n/a (a)		
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	-44	-		Sum of rows from 37 to 42a
44	Additional Tier 1 (AT1) capital	6,264	7,486		Row 36 less row 43
45	Tier 1 capital (T1 = CET1 + AT1)	53,256	58,556		Sum of rows 29 and 44
Tier 2 (T2) capital: instruments					
46	Capital instruments and the related share premium accounts	9,688	9,966	4, 4.2	62, 63
47	Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	-	-		486, paragraph 4
EU47a	Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2	-	-		494a, paragraph 2
EU47b	Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2	-	-		494b, paragraph 2
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	1	5	123	87, 88
49	of which: instruments issued by subsidiaries subject to phase out	-	-		486, paragraph 4
50	Credit risk adjustments (*)	906	-	18	62 (c)(d) and Art. 473a Reg. 2395/2017 (7)(c)
51	Tier 2 (T2) capital before regulatory adjustments	10,595	9,971		
Tier 2 (T2) capital: regulatory adjustments					
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-198	-339	4, 4.2	63 (b)(i), 66 (a), 67
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-		66 (b), 68
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-		66 (c), 69, 70, 79
54a	Not applicable	-	-		
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-316	-255	20	66 (d), 69, 79
56	Not applicable	-	-		
EU56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-	-		66 (e)
EU56b	Other regulatory adjustments to T2 capital (*)	-906	n/a (a)		
57	Total regulatory adjustments to Tier 2 (T2) capital	-1,420	-594		Sum of rows from 52 to 56b
58	Tier 2 (T2) capital	9,175	9,377		Row 51 less row 57
59	Total capital (TC = T1 + T2)	62,431	67,933		Sum of rows 45 and 58
60	Total Risk exposure amount	328,176	347,072		

(millions of euro)

		30.09.2021	31.12.2020	Source based on reference numbers / letters of the balance sheet under the regulatory scope of consolidation	Reference article of Regulation (EU) 575/2013
Capital ratios and requirements including buffers					
61	Common Equity Tier 1 capital (as a percentage of the risk exposure amount)	14.32%	14.71%		92, paragraph 2(a)
62	Tier 1 capital (as a percentage of the risk exposure amount)	16.23%	16.87%		92, paragraph 2(b)
63	Total capital (as a percentage of the risk exposure amount)	19.02%	19.57%		92, paragraph 2(c)
64	Institution CET1 overall capital requirements (*)	8.63%	7,59% (b)		CRD 128, 129, 130, 131, 133
65	of which: capital conservation buffer requirement	2.50%	2.50%		
66	of which: countercyclical buffer requirement	0.04%	0.03%		
67	of which: systemic risk buffer requirement	-	-		
EU67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	0.75%	0.56%		
EU67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	0.84%	n/a (a) (c)		
68	Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements (d)	8.98%	n/a (a)		CRD 128
National minima (if different from Basel III)					
69	Not applicable	-	-		
70	Not applicable	-	-		
71	Not applicable	-	-		
Amounts below the thresholds for deduction (before risk weighting)					
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	2,497	1,013		36(1)(h), 46, 45, 56 (c) 59, 60; 66 (c), 69, 70
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below the 10% threshold and net of eligible short positions)	1,991	2,983		36, paragraph 1(i), 45, 48
74	Not applicable	-	-		
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	2,930	3,323		36, paragraph 1(c), 38, 48
Applicable caps on the inclusion of provisions in Tier 2					
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-	-		62
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	-	-		62
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	1,745	2,456		62
79	Cap on inclusion of credit risk adjustments in T2 under internal ratings-based approach	906	969		62
Capital instruments subject to phase-out arrangements (only applicable between 1 January 2014 and 1 January 2022)					
80	Current cap on CET1 instruments subject to phase-out arrangements	-	-		484 (3), 486 (2 and 5)
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	-		484 (3), 486 (2 and 5)
82	Current cap on AT1 instruments subject to phase-out arrangements	615	615		484 (4), 486 (3 and 5)
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	-		484 (4), 486 (3 and 5)
84	Current cap on T2 instruments subject to phase-out arrangements	1,418	1,418		484 (5), 486 (4 and 5)
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	-		484 (5), 486 (4 and 5)

(*) Figure as at 30 September 2021 not directly comparable with 31 December 2020, because it is reported on the basis of the requirements of the new Regulation 2021/637 and the new table structure.

(a) Row introduced by Reg. 2021/637, applicable from June 2021.

(b) The ratio as at 31/12/2020 did not include the Pillar 2 requirement of 0.84% (reported in row EU67b from June 2021).

(c) The ratio as at 31/12/2020 was in any case present in the Pillar 3 document at that date in Section 4 – Capital Requirements (and was 0.84%).

(d) The minimum capital requirements considered in the calculation are the CET1 ratio (4.5%, Article 92(1)(a) CRR) and the additional SREP requirement for CET1 (Article 104a CRD).

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GALLERIE D'ITALIA. TRE SEDI MUSEALI, UNA RETE CULTURALE PER IL PAESE.

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Gallerie d'Italia - Piazza Scala a Milano ospitano, in un complesso architettonico di grande valore, una selezione di duecento capolavori dell'Ottocento lombardo provenienti dalle raccolte d'arte della Fondazione Cariplo e di Intesa Sanpaolo e un percorso espositivo dedicato all'arte italiana del Novecento.

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È in corso di realizzazione la quarta sede delle **Gallerie d'Italia in Piazza San Carlo a Torino**, che sarà principalmente dedicata alla fotografia e al mondo digitale.

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(Verona, 1800 - Milano, 1879)

La Nuova Galleria in Milano col passeggio notturno, 1870

olio su tela, 60,90 x 54,50 cm

Collezione Intesa Sanpaolo

Gallerie d'Italia - Piazza Scala, Milano

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Il dipinto raffigura la Galleria Vittorio Emanuele II pochi anni dopo l'inaugurazione, avvenuta nel 1867. Sin dalla sua apertura divenne il luogo più popolare e gradito ai milanesi. Le cronache ricordano che i primi a frequentarla furono i cantanti, i quali sotto la grande cupola dell'Ottagono provavano la voce improvvisando sfide canore. Al pianterreno fiorirono lussuosi caffè, librerie e numerosi negozi di abbigliamento alla moda.

La tela fu subito apprezzata per la novità del soggetto e per la felice scelta di ambientare la veduta in una galleria che, pur presentando la parte superiore in penombra, sembra illuminata a giorno.

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